

## Inside

Worldwide Reports 2

Korea News 2

China News 2

Japan News 3

Report Request Form 4

## Worldwide Reports Featured

Malaysian Wood Prices Up 2

Incheon Infrastructure Dev. 2

Coffee Market in China 2

Japan Ingredients Scandal 3

Japan Wireless LAN 3

Peru Asparagus 4

Mexico Planting Seeds 4

Dominican Republic Labeling Law 4

## Island of Lanai

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# Trade Invest Monthly

## Hawaii's International Business Network

### HAWAII NOTICES

#### U.S. Overseas Study Market in the Philippines

Source: U.S. & Foreign Commercial Service – Philippines. The U.S. is the preferred destination of Filipinos who wish to study overseas.

In 2000/2001, 3,179 Filipinos studied in the U.S. – 57% were enrolled in undergraduate courses, 37% in graduate courses, and 6% in certificate programs.

The most popular courses are business, science, and information technology.

In the Philippines, foreign education remains the domain of the wealthy. In spite of the series of political and economic difficulties that the Philippines faced in the past several years, the study abroad area has not dropped drastically. Wealthy families continue to send their children abroad to increase their marketability and to gain the tools needed to help them improve family businesses or start their own businesses.

New York University has the largest number of Filipino study abroad students in 2000/2001.

California is the most popular state with Filipino students, attracting 25% of the total. Other popular states include New York, Massachusetts, Illinois, and Texas.

There is mention of Hawaii in the report. Through the Thames International Business School, established in the Philippines in 1999, students attend the first two years of college in the Philippines. They then have the option to continue their final years of their undergraduate program either in the Philippines or through any of the affiliate universities in the U.S., Australia, Canada, UK, or British satellite in Singapore. Thames' affiliate universities in the U.S. include Hawaii Pacific University.

#### ADB—Indonesia Coral Reef Rehabilitation and Management II Project

Source: U.S. & Foreign Commercial Service—Indonesia. This project will be implemented in 16 districts in eight provinces in Indonesia. ADB will finance project activities in six districts in Riau, North Sumatra, and West Sumatra.

The project will have two major components:

- Institutional strengthening and project management
  - Strengthening of national and regional institutions in policy, strategy, and guideline formulation
  - Establishment and strengthening of a network of coral reef information and training centers (CRITCS)
  - Human resources development and extension
  - Project Management
- Community-based resource management and development
  - Community Empowerment
  - Community resource management
  - Community social services and infrastructure development
  - Community livelihood and income generation

Project details are as follows:

- Project name: Coral Reef Rehabilitation and Management II
- Project number: INO32176-01
- Loan amount: US\$30 million
- Executing agency: Ministry of Marine Affairs & Fisheries
- Jl. Radesh Salem, 43 Jakarta 10330

Contact: Dr. Wanda S. Atmadja Msc, Project Manager

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E-mail: procoremap@attglobal.net

#### “Meeting Your Match with Hong Kong” Seminar

The Hong Kong Business Association of Hawaii (HKBAH) will host a speaker luncheon on Friday, August 16, 2002 at the Waikiki Legend Seafood Restaurant, 2255 Kuhio Ave. from 11:30 a.m.—1:30 p.m. Cost: \$30. Registration deadline is August 12, 2002.

Topic: “Meeting Your Match with Hong Kong”. The guest speaker, Ms. Sarah Monks, will cover partnership opportunities, especially for smaller overseas firms targeting China's opening market, & how the Trade Development Council facilitates matching with partners in Hong Kong.

Sarah Monks is the Director of the Corporate Communication & Marketing Department of Hong Kong Trade Development Council (HKTDC). She is part of the HKTDC Secretariat in Hong Kong that supports the work of individual Hong Kong Business Associations and HKTDC's global federation—a network of 28 Hong Kong Business Associations with 7,700 members promoting trade and business links with and through Hong Kong in 22 countries around the world. She is also responsible for HKTDC's global corporate communication strategy, including the online newsletter *Hong Kong Trader*, which is emailed to 130,000 Hong Kong contacts worldwide.

The event is co-sponsored by the Hong Kong Trade Development Council of Los Angeles. For further information and registration, contact: Laisin Lee at Tel: (808) 342-8660 or e-mail: laisin@hkbah.org

## Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. To request reports, send the request form by Fax: (808) 587-3388 or email: [tradeinvest@dbedt.hawaii.gov](mailto:tradeinvest@dbedt.hawaii.gov). The report service offered is reserved for Hawaii companies only.

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, [www.stat-usa.com](http://www.stat-usa.com). You will have the choice of ordering the reports you need for a small fee or you can subscribe to their service for an annual fee and have unlimited access to all reports and services.

Also, some of these market reports are located at [www.usatrade.gov](http://www.usatrade.gov)

### U.S. is One of the World's Most Open Economies

Source: Office of the U.S. Trade Representative (USTR). The USTR received a report from the U.S. International Trade Commission (ITC) that documents the relative openness of the American economy.

According to the report, the average U.S. tariff on goods imports was 1.71% in 1999, among the world's lowest.

The report also estimates the economic gain to the U.S. from the removal of all

### Malaysian Wood Products Becoming More Expensive

Source: U.S. & Foreign Commercial Service – Malaysia. Johor, a state in Malaysia, has the country's largest cluster of furniture and wood product manufacturers.

The Johor Association of Wood-based Products Manufacturers announced a 15% increase in the price of wood-based products as of April 1, 2002. This is due to a sawmill decision to charge an additional MYR 30 (US\$7.90) per ton of sawn

### Australia's Drier than Average Conditions

Source: U.S. Department of Agriculture. Drier than average conditions across much of Australia's agricultural areas is causing increasing concerns, and government departments have begun reducing production estimates.

According to the Bureau of Meteorology (BOM), the period from April 1 to June 23 has registered below average rainfall for nearly the entire continent. The areas worst affected are the inland cropping

(Continued on page 4)

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## Korea News (please request reports for more details)

### Korea's Economy Continues to Grow

Source: U.S. Department of Agriculture. Korea's economic outlook for U.S. imports experienced an unexpected upturn in the first quarter of 2002. The upturn was attributed to nearly 10% increase in domestic demand balanced by a 2.6% growth in exports.

Consumer confidence has climbed higher in response to a rapid decline in import prices in comparison to that of exports.

Reported GDP growth rate at the end of March reached 5.7%, and unemployment figures have now declined for four consecutive months to 2.9% in May.

(Continued on page 4)

### Incheon's Large-scale Infrastructure Projects

Source: U.S. & Foreign Commercial Service – Korea. The city of Incheon, located about 40 kilometers west of Seoul, has recently announced a series of infrastructure projects, that once implemented, will potentially offer billions of dollars in construction and project management opportunities to participating foreign companies.

Incheon's city government is planning to proceed with several large-scale, mixed-use real estate and tourism developments over the next ten years.

Total expenditures on these projects will reach about US\$20

(Continued on page 4)

## China News (please request reports for more details)

### Coffee Opportunities in China

Source: U.S. Department of Agriculture. Although the main drink of choice in China is tea, coffee consumption is growing. Instant coffee continues to be the dominant coffee product. Most of the instant coffee sold in China is produced domestically mainly in Guangdong province. Instant coffee giants Nestle and Maxell House produce their coffee in the Guangdong and Guangzhou area respectively.

The roasted coffee buyers, on the other hand, are mainly in the institutional sector (hotel, restaurants), and specialty shops. Some roasted coffee is sold in the retail sector – usually in processed form – and is only found in higher class supermarkets and department stores.

The number of specialty coffee shops has grown tremendously over the past couple of years, particularly in Beijing and Shanghai. Coffee drinking has become fashionable among white collar workers and college students.

Starbucks entered the China market in 1999, and by early 2002 they had expanded to 50 outlets in Beijing & Tianjin (26 outlets), Shanghai (21 outlets), and Hangzhou (3 outlets).

The obstacle on greater coffee consumption in China is price, as a retail cup of fresh ground coffee is still relatively expensive for most Chinese consumers.

There was also some negative publicity on coffee drinking that needed to be overcome. For example, stories and rumors circulated in cities about how coffee drinking harmed one's health. At the same time tea was promoted as the superior drink relative to coffee.

According to the U.S. Department of Agriculture, attempts to penetrate China's coffee market should primarily focus on the hotel and restaurant sector, as these institutions tend to be the main roasted coffee buyers in China.

### Sewage/Wastewater Treatment—Northeast China

Source: U.S. & Foreign Commercial Service—China. During 1996 to 2000, China invested US\$54 billion on various aspects of environmental protection and pollution control. From 2001 to 2005, China will invest US\$84 billion on the following environmental protection projects:

-Water pollution control (US\$36 billion)

-Solid waste disposal (US\$11 billion)

-Infrastructure (US\$1 billion)

-Air pollution control (US\$30 billion)

-Ecological protection (US\$6 billion)

U.S. companies have captured a very limited share of the market, as competition is fierce from Japanese and European Union organizations.



## Japan News

### Hundreds of Japanese Food Products Could be Affected by Recalls due to Unapproved Additives in Food Flavorings

Source: U.S. Department of Agriculture. In what could be one of the world's largest food recalls, hundreds of Japanese food products are expected to be pulled from the market because they contain one of three food additives which are not approved for use in Japan.

The additives, *acetaldehyde*, *propionaldehyde*, and *castor oil* are approved in both the EU and the U.S., but not in Japan.

There were contained in food flavorings marketed by Kyowa Flavoring Chemical Company. According to the press reports, 175 Japanese food companies purchased flavorings which contained unapproved additives from Kyowa Flavoring Chemical Company, one of Japan's largest suppliers of flavorings for the food industry.

The list of companies affected include many of Japan's top food manufacturers, and the products involved include a variety of snack foods, dairy products, soups, sauces, and candies.

The Japanese Ministry of Health has publicly stated that all three compounds have no ill health effects, noting that they have been approved in the U.S and EU. However, since the additives are not approved in Japan, food manufacturers are recalling products which contain these unapproved food additives.

Over 20 companies to date have started voluntary recalls of their products. Recalls have been ordered by leading companies like Meiji Seika, Ezaki Glico, Bourbon, Meito, Nichirei, Marudai Ham and Ito Ham.

To date, no imported food products have been affected by the recalls.

### New Import Procedures into Japan

Source: Japan External Trade Organization (JETRO). To help exporters gain basic information on the Japanese import system, import procedures, and practical business procedures, JETRO created an "Export to Japan" website at: [www.jetro.go.jp/cgi-bin/se/export\\_to\\_japan/index.cgi](http://www.jetro.go.jp/cgi-bin/se/export_to_japan/index.cgi)

Information is broken down into the following categories:

- Agricultural and fishery products, and foods
- Consumer goods
- Industrial goods
- Related laws compiled by OTO
- Related regulations compiled by JETRO
- Proposed regulations & standards

### Opportunities in Wireless LAN

Source: U.S. & Foreign Commercial Service – Japan. Wireless LANs enable people to connect to the Internet at high speeds without having to use a phone line or cable. In Japan, wireless LAN "Hot Spots" are gaining momentum and drawing a lot of attention.

Various Japanese businesses such as telecommunication providers, computer and software makers, restaurant chains, railways, hotel, etc. have been involved in testing "Hot Spot" services.

Two Japanese firms – NTT Communications and Mobile Internet Services – have recently begun to offer wireless LAN services commercially, although coverage is very limited.

As the number of "Hot Spots" continue to grow, there is a rising demand for wireless LAN equipment such as access point products, PC cards, and communication equipment bridging buildings. There is also demand for products that improve wireless security and performance, and that can address interoperability.

### In the News

Source: U.S. Department of Agriculture – Agricultural Trade Office, Tokyo. Recent reports from various Japanese mass media and food press are below:

- In an effort to regain consumer confidence following the recent food labeling scandals, the Japan Chain Stores Association has developed its own unique labeling standard for fresh products sold by its members. The new standard is scheduled for September implementation. (5/21/02 issue of *The Japan Economic Newspaper*)
- As much as 12 times the level of agricultural chemical residues permitted under the Food Sanitation Law was detected in frozen spinach from China sold at Jonathan's family-style restaurant chain. The Tokyo Metropolitan Government requested Jonathan's Co., Ltd. (a subsidiary of Skylark) to recall the product on May 23. Jonathan's immediately suspended its use and established a team to investigate the problem. (5/23/02 issue of *The Japan Economic Newspaper*)
- In an effort to create a good food safety image and increase communication between buyers and sellers, more and more supermarkets are introducing open-style kitchen areas in their stores where customers are able to view the cooking process. (5/22/02 issue of *The Japan Economic Newspaper*)
- Carrefour Japan plans to set its own food safety standards for the products it sells. These standards, which would include issues such as the level of agricultural pesticide residues for produce and the amount of food additives used in processed foods, are expected to be stricter than the government's JAS standard. (6/6/02 issue of *The Nikkei Marketing Journal*)
- Three months have passed since Daiei announced its restructuring plan. The company's total sales in May increased 2% over last year May's number on a store-by-store basis. It did not quite reach its 6% target increase. Daiei's future will depend heavily on their July sales. (6/6/02 issue of *The Nikkei Marketing Journal*)

### Logistics Industry Website Seeks U.S. Company Content

Source: U.S. & Foreign Commercial Service. According to a market report written by the Japan Institute of Logistics Systems in 1998, the Japanese logistics sector is valued at approximately 47 trillion yen.

The U.S. Commercial Service in Osaka has negotiated with two private Japanese logistics organizations for U.S. logistics companies or organizations, to use their websites for posting information. The Commercial Service in Osaka hopes that this market exposure will enable American companies to better penetrate the growing market in Japan.

The two companies are Global Logistics Research Institute Inc., and K.K. Logistics Partner.

For more information, interested U.S. logistics companies are asked to contact:

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Tetsuko Fujioka, Commercial Assistant  
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Tel: +81-6-6315-5953; Fax: +81-3-6315-5963  
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**U.S.—Open Economy***(Continued from page 2)*

remaining U.S. trade barriers to be US\$14.5 billion annually.

The commission's report also found that the removal of all U.S. import restraints in 1999 would have resulted in nearly a \$29 billion gain in U.S. imports, a \$15 billion gain in U.S. exports and a gain in net employment of 35,000.

**Malaysia Wood Price Increase***(Continued from page 2)*

lumber.

The manufacturers claim that the increase was inevitable, since other manufacturing costs have gone up over the past five years. The increase would affect products such as door frames, wooden pallets, and

**Australia Dry Forecast***(Continued from page 2)*

belts in the winter crop producing state of Queensland, New South Wales, Victoria, South Australia, and Western Australia.

The current lack of soil moisture together with lack of irrigation water availability has resulted in reduced forecasts of both winter and summer crop production. The Australia Bureau of Agricultural and Resource Economics (ABARE) has forecast the winter crop production for 2002/03 will fall by 5.3MT, or about 14%.

**Korea Economy***(Continued from page 2)*

Other considerations to the economic trend may be impacted by the upcoming local and national elections, the World Cup, U.S. economic recovery, and the mixed won/dollar exchange rate.

Korean imports of U.S. agricultural products were up 1% to US\$1.4 billion through May, with processed foods recording 40% growth, and seafood 15% growth.

**Incheon Infrastructure Developments***(Continued from page 2)*

billion.

Incheon has already concluded preliminary contracts with U.S. companies to develop reclaimed land in the Songdo area into an international business and residential center.

Incheon's projects are expected to offer excellent opportunities for U.S. companies that can provide architectural & engineering services, financial consulting, real estate development & management services, and assistance in tourism infrastructure developments.

For more information, contact:

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**Peru - Asparagus**

Source: U.S. Department of Agriculture. Asparagus production in Peru is expected to be 195,000 metric tons in 2002, with 42,000MT being fresh exports, and 48,000MT being exported as processed asparagus.

Accounting for 25% of total Peruvian agricultural exports, asparagus has become the second largest agricultural product after coffee.

Industry officials agree that the asparagus international demand has reached a mature point, and its growth in the near future will not be as sharp as it was in the 1990's.

Asparagus growers are concerned about rapidly increasing asparagus supplies which has already resulted in sharply falling prices internationally.

Chinese asparagus exports are the major source of worries for Peruvian asparagus producers. As an example, Peruvian agricultural exports enter duty free into the European Community. Although China asparagus has a 16% imported duty assessed in the European Community, it is still cheaper than the Peruvian asparagus.

In spite of all this, the asparagus remains a profitable crop in Peru with a stable foreign demand.

**New Zealand - Woolworths Take-over Near Completion**

Source: U.S. Department of Agriculture. Australian supermarket Foodland Associated - which already owns New Zealand's Progressive Enterprises with a 21% New Zealand market share - has agreed to pay NZ\$690 million (US\$331 million) for the Woolworths New Zealand chain to its Hong Kong-based owner, Dairy Farm International.

This transaction would provide Progressive Enterprises with the critical scale to support greater investments in technology and the development of a world-class operating procedures.

However, Foodstuffs, New Zealand's largest supermarket group (approximately 55% market share) argues that a merger between the number two and three players is bad for competition, and is seeking a High Court judicial review.

**Mexico Planting Seeds Market**

Source: U.S. Department of Agriculture. In 2001, Mexican planting seeds imports from worldwide sources totaled US\$222 million, compared to US\$151 million in 2000.

U.S. exporters captured 86.6% of Mexico's seeds imports, exporting US\$192 million of planting seeds to Mexico.

However, concerns about the use of biotechnology in seed production continue to receive wide coverage in the Mexican

media. Press propaganda and opposing international groups have led to consumer campaigns against biotechnologically enhanced foods and crops.

Nevertheless, Mexico is expected to remain an attractive market for U.S. seed exports in the coming years.

**Dominican Republic's Spanish Labeling Law**

Source: U.S. Department of Agriculture. Consumer-ready food exports from the U.S. to the Dominican Republic may be at risk if their labels are not printed in Spanish.

The Dominican Republic announced for the second time this year that it intends to enforce its labeling standards (NORDOM 53) in mid-August. The announcement was made through correspondence addressed to the U.S. Ambassador dated June 26, 2002.

NORDOM 53 is a regulation which details the labeling standards for the Dominican Republic. It has been in place for several years but has never been enforced.

The U.S. Department of Agriculture Post notes that 30-40% of consumer-ready products in grocery stores are imported from the U.S. and most are labeled only in English.

If U.S. exporters do not address the labeling issue, it is possible for the market share of U.S. products to be lost to Mexico, Venezuela, Spain, Costa Rica and other countries.

**Report Request Form****Trade Invest Monthly****Hawaii's International Business Network**

Company: \_\_\_\_\_

Contact person: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Zipcode: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

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Report(s) requested:

\_\_\_ U.S. Overseas Study Market in the Philippines

\_\_\_ ADB—Indonesia Coral Reef Rehabilitation and Management II Project

\_\_\_ Malaysian Wood Products

\_\_\_ Incheon's Large-scale Infrastructure Projects

\_\_\_ Coffee Opportunities in China

\_\_\_ Sewage/Wastewater Treatment—Northeast China

\_\_\_ Japan Wireless LAN

\_\_\_ Peru Asparagus

\_\_\_ Mexico Planting Seeds

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